

Energy Producing States Coalition July Newsletter

Action Items

Offshore Energy and Jobs Act & Outer Continental Shelf Transboundary Hydrocarbon Authorization Act: The Energy Producing States Coalition Executive Committee, on behalf of the membership of EPSC, sent a letter to [House Leadership in support of HR 2231 and HR 1613](#). Expanded domestic energy development, particularly in offshore areas currently off-limits, is vital to the country's economic growth and job creation. The two bills would further expand access which would likely boost domestic energy production, stimulate necessary job creation and grow the economy. HR 2231 passed the House with a 235-186 vote while HR 1613 passed the House with a 256-171 vote.

Energy Information Request: As you become aware of energy related issues within your states, EPSC requests that you provide a brief summary of the information so that it can be provided to the EPSC group. One of the main benefits of EPSC is the ability to collaborate on how to best approach energy related issues, so sharing this information will provide other state legislators with information from a state legislator perspective. EPSC is also interested in learning about the impact of federal energy regulation and/or legislation on your states. Any information can be emailed to Bo Ollison at BOllison@consumerenergyalliance.org.

Policy Initiatives

Coal Jobs Up, Oil and Gas Jobs Down - BLS: The U.S. economy added 195,000 jobs in June, outpacing economists' expected job growth, but things in the [energy sector were more mixed](#) according to the Bureau of Labor Statistics. Oil and gas extractors lost about 700 jobs, down to 192,100 in June, according to preliminary BLS figures. Coal mining, on the other hand, picked up 800 jobs over the same period, hitting 85,900. Petroleum and coal products manufacturing added 300 jobs, totaling 114,200 last month.

President releases Climate Action Plan: President Obama released, "[The President's Climate Action Plan](#)." The plan is broken into three categories: 1) Cut carbon pollution in America; 2) Prepare the U.S. for the impacts of climate change; and 3) Lead international efforts to address global climate change. Among the recommendations proposed within the plan are: double renewable electricity generation by 2020; launch a quadrennial energy review; continued federal funding for clean energy research; seek global free trade in environmental goods; complete carbon pollution standards for both new and existing power plants; continued support for the Renewable Fuel Standards programs as it currently stands; integrate considerations of climate change impacts and adaptive measures into major programs including the Clean Water and Drinking Water State Revolving Funds; elimination of U.S. fossil fuel tax subsidies; availability of \$8 billion in loan guarantees for carbon capture and sequestration; establishing a goal for efficiency standards for appliances and buildings; EPA and the Departments of Agriculture, Energy, Interior and Labor will develop a comprehensive, interagency methane strategy; identify new approaches to protect and restore U.S. forests, as well as other critical landscapes, including grasslands and wetlands; implementing climate-adaptation strategies that promote resilience in fish and wildlife populations, forests and other plant communities, freshwater resources and the ocean; and evaluate additional approaches to improve natural defenses against extreme weather, protect biodiversity and conserve natural resources. Consumer Energy Alliance provided an [analysis of the President's plan](#).

Offshore Energy and Jobs Act: *The Offshore Energy and Jobs Act*, [HR 2231](#), introduced by Rep. Doc Hastings (R, WA 4) and approved by the House Natural Resources Committee by a 23-18 vote, would open new areas to offshore energy production, including areas of the Atlantic and Pacific Coasts, by requiring the Obama Administration to implement a new offshore lease plan that includes areas containing the greatest amount of oil and natural gas resources. President Obama's current lease plan keeps 85 percent of our offshore areas closed to energy production. This bill would also establish fair, equitable revenue sharing for all coastal states and implement reforms to reorganize and strengthen Interior Department's offshore agencies. EPSC sent a letter encouraging members of the House of Representatives to [support the legislation](#).

Assault on State Sovereignty: A new report from the American Legislative Exchange Council, "[The U.S. Environmental Protection Agency's Assault on State Sovereignty](#)", details how the EPA has grown much more aggressive in the past four years. It specifically cites the agency's record number of "regulatory disapprovals" of state strategies to meet federal environmental standards, coupled with a never-before-seen number of "federal implementation plans," de facto takeovers of states' blueprints to comply with the Clean Air and Clean Water acts. The study also takes aim at the EPA's close working relationship with leading environmental groups to rewrite regulations without the involvement of Congress or state leaders, and it accuses the agency of having "severely limited states' fuel choices" through stricter limits on coal-fired power plants.

House Leaders Press for More Transparency of EPA Sue-and-Settle Tactics: House Energy and Commerce Committee leaders sent a [letter](#) to the Government Accountability Office (GAO) requesting an examination of the Environmental Protection Agency's (EPA) settlement of lawsuits that seek to compel the agency to undertake new rulemakings. According to the Committee's website, Members have particular concerns about the transparency of the settlement process, the public's ability to comment and participate, and the impact on agency rulemakings that result from this type of litigation.

White House Releases Regulatory Agenda: The White House has quietly put online (a couple of months late) its [Spring 2013 Unified Agenda](#), the document that outlines all the regulations federal agencies are working on. Among those included this time are the greenhouse gas emissions rules for both new and existing power plants as ordered by President Barack Obama in his climate speech late last month, with deadlines as expected (September for new plants, June 2014 for existing plants).

Alaska applauds Sen. Murkowski's \$50 million for cleanup of Travesty Wells: Alaska Rep. Charisse Millett, and EPSC Member, was encouraged that Senator Lisa Murkowski (R, AK) was able to secure \$50 million for the cleanup of abandoned oil wells in and around the National Petroleum Reserve-Alaska. The funds were inserted into an existing piece of legislation by the Senate Energy & Natural Resources Committee, where Sen. Murkowski is the Ranking Member. Rep. Millett has also created a website dedicated to informing Alaskans about the wells. The site is <http://www.housemajority.org/bureau-of-land-management-travesty-wells-in-alaska/>.

Corps of Engineers won't Consider Climate Impact of Coal Exports: The Army Corps of Engineers dealt a major blow to opponents of coal exports, telling lawmakers at a House Energy and Commerce Committee, Subcommittee on energy and Power hearing on "[U.S. Energy Abundance: Regulatory, Market and Legal Barriers to Export](#)" that it won't consider the climate change impacts of burning coal overseas as part of its environmental reviews of three proposed coal export terminals in the Pacific Northwest. The decision is another setback to environmentalists courtesy of the Obama administration, which is showing a reluctance to plug the flow of fossil fuels across U.S. borders as a way to stymie greenhouse gas emissions.

Taxes on Oil and Gas Production: NCSL put together a summary on state [oil and gas taxes](#) across the country.

Total Energy Production: The Energy Information Administration (EIA) [released new data this week](#) on international energy production for the month of March. For the fifth straight month starting last November, total petroleum production (crude oil and other petroleum products like natural gas plant liquids, leased condensate, and refined petroleum products) in the U.S. during the month of March (11.76 million barrels per day) exceeded petroleum production in Saudi Arabia (10.85 million barrels per day). Also for the fifth month in a row starting last November, the U.S. : a) took the top spot in March as the No. 1 petroleum producer in the world, and b) produced more petroleum in March than the combined output of all of the countries in Europe, Central America, and South America (11.32 million barrels per day in March), which has never happened in the history of EIA international petroleum data back to 1994.

Oil and Gas Companies should Pay Higher Royalties: a new study from the Center for Western Priorities, "[A Fair Share: the Case for Updating Federal Royalties](#)," was recently released advocating for the federal government to raise the onshore royalty rate that energy companies pay. The federal onshore royalty rate for oil and gas is 12.5

percent, which means that energy companies pay the government \$12.50 for every \$100 worth of oil and gas that's produced from federal land. Money from federal royalties is split 50-50 with the states where production occurs. That money is then split with the local communities and school districts affected by oil and gas production. Looking at five western states, Colorado, Montana, New Mexico, Utah, and Wyoming, the center said raising federal royalty rates to 16.67 percent would bring a total of an additional \$403 million to the states. Raising the rates to 18.75 percent would bring in an additional \$604 million to the states, the center said.

U.S. Supreme Court refuses to hear challenge to EPA's E15 rollout: The U.S. Supreme Court [refused to hear a legal challenge](#) to the US Environmental Protection Agency's program introducing gasoline with a 15% ethanol blend to the domestic marketplace. Groups representing refiners, vehicle manufacturers, and grocery wholesalers asked the high court for a hearing after the US District Court for the District of Columbia ruled they lacked standing to challenge EPA's action.

Bipartisan Renewable Fuel Standard Bill Introduced; House Begins Hearings: Senators John Barrasso (R, WY), Mark Pryor (D, AR) and Pat Toomey (R, PA) introduced [S. 1195](#), the [Renewable Fuel Standards Repeal Act](#), which would repeal both the statutory authorization for the Renewable Fuel Standard (RFS) and the regulations implementing the RFS. The Energy Independence and Security Act of 2007 (PL 110-140) (EISA) modified the RFS and required that 36 billion gallons of renewable fuels be produced and brought into the nation's fuel mix by 2022. The RFS has been the subject of much controversy since EISA's enactment. In related news, the E&C Energy and Power Subcommittee will hold a hearing this week entitled "Overview of the Renewable Fuel Standard: Government Perspectives" during which a panel of government witnesses will provide a review of the RFS's implementation to date. Hearings to get stakeholders' views are anticipated later next month.

Oil Price Forecasts: [Oil prices will fall as much as 30 percent by 2016](#) because of rising production and fuel efficient vehicles, according to a prediction from forecasting group Kiplinger. The group projected that U.S. benchmark crude will cost \$65 to \$75 per barrel by 2016, compared with recent closing price of \$95.32 on the New York Mercantile Exchange.

Feds postpone decision on lesser prairie chicken: Federal wildlife officials have agreed to postpone making a final decision on whether to list the [lesser prairie chicken as a threatened species](#). The six-month extension comes after a bipartisan group of lawmakers called for a delay.

Midwest Aviation Sustainable Biofuels Initiative: The report, "[Fueling a Sustainable Future for Aviation 2013](#)", a year-long collaboration, brought together experts representing the entire aviation biofuels value chain from over 40 different public, private and non-profits organizations. Among its findings, the U.S. military and commercial aviation industry consumer more than 20 billion gallons of jet fuel a year. The cost of jet fuel has nearly tripled since 2000 and jet fuel demand in the Midwest is expected to increase by 9% by 2020. For every 5% of Midwestern petroleum jet fuel that can be replaced by biofuels, over 3,600 jobs will be created and an estimated 700,000 tons of carbon dioxide on average will be reduced annually.

GAO Releases Gas Pipeline Safety Analysis: The Government Accountability Office released a study, "[Gas Pipeline Safety, Guidance and More Information Needed before Using Risk-Based Reassessment Intervals](#)," which focused on gas pipeline safety issues needed to identify the appropriateness of current risk analysis and provide additional information on the benefits and challenges of the current seven year interval for reassessment.

DOI Announces Approval of Major Wind Project: DOI announced the approval of a [major wind energy project](#) in Arizona that will provide up to 500 megawatts of power -- enough electricity for 175,000 houses. The decision paves the way for right-of-way grants for use of approximately 35,000 acres of BLM land and 2,800 acres of Bureau of Reclamation land. The project, proposed by BP Wind Energy North America, Inc., would erect up to 243 wind turbines on Federal lands for the Mohave County Wind Farm, which would be located in northwestern Arizona about 40 miles northwest of Kingman.

DOE Announces Public-Private Partnership to Strengthen Cyber Security for Oil and Gas Operators: DOE announced a new public-private partnership to strengthen [protection of the nation's oil and natural gas infrastructure from cyber attacks](#). Led by the Energy Department in collaboration with industry experts, the Department of Homeland Security, and other stakeholders, the initiative will create a tool that allows owners and operators to assess their cyber security capabilities and prioritize their actions and investments to improve cyber security.

Energy Department Announces New Investments in Advanced Nuclear Power Reactors: The DOE announced \$3.5 million for [four advanced nuclear reactor projects](#) that go beyond traditional light water designs. These projects - led by General Atomics, GE Hitachi, Gen4 Energy and Westinghouse - will address key technical challenges to designing, building and operating the next generation of nuclear reactors. The four projects selected will receive up to \$3.5 million in total, with a 20 percent private cost share.

Senators Introduce Nuclear Waste Storage Legislation: Senators Diane Feinstein (D, CA), Lamar Alexander (R, TN), Ron Wyden (D, OR), and Lisa Murkowski (R, AK) introduced a bipartisan, comprehensive plan for safeguarding and permanently disposing of nuclear waste currently being stored at sites across the country. [S. 1240](#), the Nuclear Waste Administration Act of 2013, includes establishment of a new nuclear waste administration and a consent-based process for siting nuclear waste facilities. It also enables the federal government to address its commitment to managing commercial nuclear waste, limiting the costly liability the government bears for its failure to dispose of commercial spent fuel.

Court rejects SEC rule on oil company payments: A federal judge handed the oil industry a big win, when he [tossed out a new financial disclosure rule](#) that would require companies to reveal what they pay foreign governments in exchange for mineral rights. In vacating the disclosure rule and sending it back to the Securities and Exchange Commission, District Judge John Bates said the regulation spurred by the 2010 Dodd-Frank financial law had "serious" problems. "The commission misread the statute to mandate public disclosure of the reports," Bates said, adding that the SEC also acted arbitrarily and capriciously when it opted against providing any exemption for cases where foreign governments bar the disclosures. Forcing companies to reveal foreign payments in other countries, even when those nations bar such disclosure, "drastically increased the rule's burden on competition and cost to investors," Bates found. The SEC's transparency rule, adopted last August, required some 1,100 publicly traded oil, gas and mining companies to report payments exceeding \$100,000 made to other countries "to further the commercial development" of the host nations' resources.

Florida Launches Energy Conservation & Efficiency Web Portal: Last week, the Florida Department of Agriculture and Consumer Services launched an online service called "[My Florida Home Energy](#)," which seeks to help consumers save on energy usage and costs by tracking individual energy use and suggesting efficiency measures. The site uses information that Florida consumers provide and publicly available data to determine products, improvements, and modifications that may achieve energy savings. The results are ranked by cost and anticipated savings. Consumers can also research available financial incentives – rebates or special financing – for their area by sampling entering their zip code. A 2012 law required the program's development and deployment.

Louisiana Resumes Energy Efficiency Program: The Louisiana Public Service Commission has restored a utility energy efficiency program, just two months after canceling the program. During its monthly meeting in Baton Rouge, the state Public Service Commission voted 3-2 to reinstate the initiative. The five-member board then voted unanimously on a motion by Commissioner Scott Angelle (District 2) to hold off on resuming the program until mid-July in order to accept additional public comment and consider revisions. The PSC revisited the issue Wednesday after a coalition of local environmental groups challenged the February vote in court, complaining that the PSC acted without taking public comment. The energy-efficiency program is designed to provide electric utilities and natural gas providers one year to develop programs that would offer hundreds of thousands of residential and business customers financial incentives for making improvements that lower their electricity use. The proposal is estimated to cost between \$25 million to \$30 million or about 40 cents per month for the average utility customer.

Maine Gov Vetoes Oil Sands Legislation: Governor Paul LePage vetoed a [bill](#) that would direct the Maine Department of Environmental Protection to study the risks associated with transporting oil sands-derived crude through the state. The bill received unanimous support in the Senate and strong support in the House (passing 97-50). In order to override a veto, the House and Senate must secure a two-thirds majority. Communities in Maine have passed resolutions against tar sands, fearing that Portland Pipe Line Corp. will begin transporting the oil along its pipeline, which passes by Sebago Lake on its way to Portland Harbor. The Portland City Council recently passed a resolution saying the city is "concerned" about tar sands oil. The veto is expected to be taken up by the Legislature on Tuesday.

Debate on Rate Increases Continue in South Carolina: Duke Energy has taken a step toward compromise in its [third rate hike request](#) in South Carolina since 2010, but it's too early to how much regulators will allow power bills to go up. The Charlotte-based power company has agreed to reduce one of the drivers in its request to raise rates an average of more than 15 percent for 540,000 customers in South Carolina. It initially asked state regulators for a return on common equity of 11.25 percent instead of the 10.5 percent it is currently allowed to collect. But now Duke says it's willing to settle for a 10.2 percent return on equity, provided that's part of a wider agreement with other parties in its rate-hike case before the state Public Service Commission. The concession suggests Duke is following a familiar pattern, with its initial request to raise rates higher than what it ends up settling for. The final decision will be made by the PSC, which hasn't ruled yet.

Decision on Yucca Mountain Overdue: Congress passed the [Nuclear Waste Policy Act of 1982](#) to establish a deliberate, collaborative and mandatory process to site, license, build and operate a national permanent nuclear waste repository. The act obliges the federal government to safely dispose of high-level nuclear defense waste and commercial spent fuel from power plants. Electricity consumers and taxpayers have paid approximately \$15 billion to determine if the Yucca Mountain site in Nevada would be a safe repository. The U.S. Nuclear Regulatory Commission (NRC) is a year late in issuing final ruling on license application for nuclear waste site. The NRC owes them an answer.

Recruiting

EPSC has been adding new states and members to the coalition. There are currently members representing thirteen states. Those states are: Alaska, Arizona, Colorado, Idaho, Indiana, Mississippi, North Dakota, Ohio, Oklahoma, Texas, Utah, Wisconsin and Wyoming.

As a reminder, EPSC membership is open to any state legislator or legislature that is serious about energy production and that supports the [Mission Statement](#) of the EPSC. Currently, membership is neither time consuming nor expensive. Members do not pay dues to EPSC. If you know of colleagues that might be interested in joining, all that is needed is to fill out this [form](#).

Website

EPSC's [website](#) is up and running. If you have suggestions for issues, content or event updates, please let Bo Ollison know at BOllison@consumerenergyalliance.org.